



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

KIRK T. STEUDLE
DIRECTOR

December 12, 2008

Mr. John Niemela, Director
County Road Association of Michigan
P.O. Box 12067
Lansing, Michigan 48901-2067

Mr. David Worthams, Legislative Associate
Michigan Municipal League
208 North Capitol Avenue, First Floor
Lansing, Michigan 48933-1354

Dear Mr. Niemela and Mr. Worthams:

Advertisement of Projects with Outstanding Local Agency Agreements

The Michigan Department of Transportation (MDOT) has been monitoring the return of the cost sharing agreements for projects let by MDOT for several years. In most cases, the local agency will return the cost sharing agreements promptly or at least within 49 days of when the project was let. Occasionally, it takes more time to get the agreement approved through the local process. If significant delays occur in returning the cost sharing agreements, MDOT must ask the contractor to extend their bid prices. If they are not willing to extend their bid prices, the project must be either awarded to the second low bidder or in some cases readvertised.

To avoid delayed award of local agency construction contracts, MDOT is implementing the following procedure to ensure timely execution of participation agreements and timely award of construction projects let through the MDOT letting process. This procedure is intended to minimize the potential of construction contracts going through the letting process and failing to be awarded solely because of the failure of a local agency to execute a local agency participation agreement.

When MDOT obligates and advertises a local agency project, our understanding is that the local agency intends to process participation agreements in a timely manner so the project can be awarded within the 49 days the contractor is obligated to honor their bid prices. Failure of the local agency to execute the participation agreement will result in the following actions by MDOT.

An Outstanding Agreement is an agreement that has not been executed by the local agency within 49 days after letting or within the designated time of award specified in the construction contract if it requires award sooner than the standard 49 day allowance.

- Local agencies will be allowed to have only two Outstanding Agreements at any time.
- No agreement shall be outstanding for more than 90 days past the required award date.

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- If a local agency has two Outstanding Agreements or one agreement more than 90 days beyond the required award date, MDOT will only advertise additional projects for that agency if a cost sharing agreement has been fully executed.
- Outstanding cost sharing agreements on trunkline projects will also be included in the implementation of this procedure.

If a local agency currently has any outstanding agreements as defined in this letter, MDOT will provide a grace period until March 16, 2009, for them to be executed. Any agreements outstanding after that time will be included in MDOT's enforcement of the Outstanding Agreement Procedure.

We expect few agencies to be adversely affected by the implementation of this new procedure. The return of cost sharing agreements to MDOT from local agencies in a timely manner is beneficial to MDOT, contractors, the local agencies and the motoring public.

If you have further questions on this change, please contact Rudolph S. Cadena at 517-335-2233 or by email at cadenar@michigan.gov.

Sincerely,



Mark A. Van Port Fleet
Engineer of Design

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